

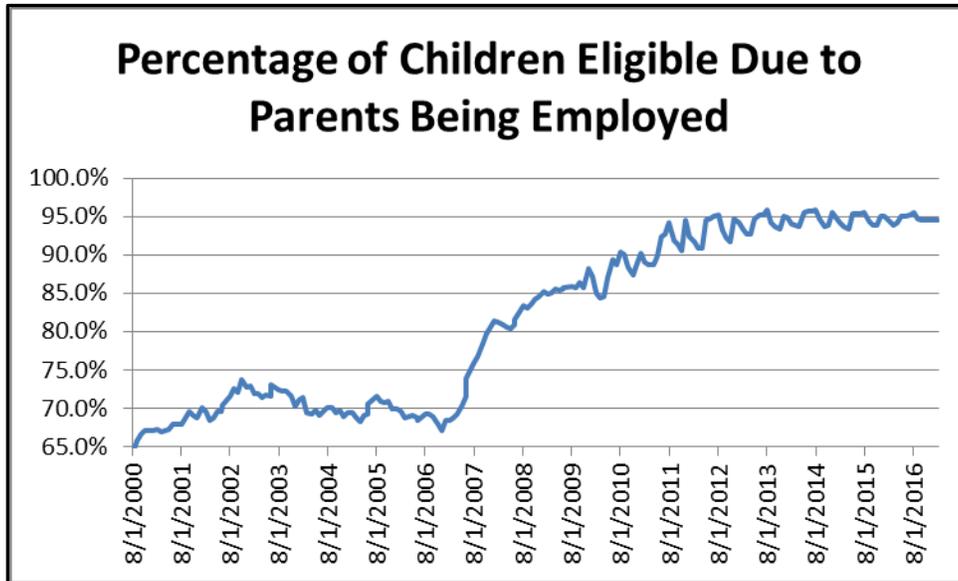
CHILD CARE PROJECTIONS MEETING — MARCH 2017

Projections Workgroup. Staff from the Department of Management (DOM), the Department of Human Services (DHS), and the Fiscal Services Division of the Legislative Services Agency (LSA) met on March 30, 2017, to discuss the Child Care Assistance (CCA) Program estimated FY 2017 and FY 2018 expenditures. The Projections Workgroup is established in Iowa Code section [234.47](#) to discuss revenues and expenditures and agree on an estimate for the current and upcoming fiscal years. The [Child Care Assistance Program](#) provides subsidized child care for low-income families with working parents, parents gaining work skills, parents going to school, and parents unable to care for children for a limited time due to physical or mental illness. The following table is the current projected balance sheet.

	Actual FY 2016	Projected FY 2017	Projected FY 2018
Revenues			
Federal Funds Carried Forward	\$ 4,520,804	\$ 4,073,334	\$ 500,000
State General Fund Appropriation	41,408,668	31,722,450	31,722,450
Temporary Assistance for Needy Families	35,047,110	49,866,826	46,866,826
Child Care Development Fund	48,252,239	48,995,621	49,247,540
Total Revenues	\$ 129,228,821	\$ 134,658,231	\$ 128,336,816
Expenditures			
Total Child Care Assistance	\$ 101,571,629	\$ 109,112,435	\$ 113,689,092
Child Care MIS	416,262	639,074	643,123
Quality Rating System	936,811	1,083,524	1,056,676
Quality Activities & Other	6,449,892	5,945,499	8,177,010
Resource and Referral (Fed & State)	2,947,732	2,960,873	3,866,608
Early Childhood Iowa Grants	6,350,000	6,350,000	6,350,000
Legal Services, Printing & Postage	303,115	300,141	325,766
General Administrative Costs (Fed Share)	1,526,190	1,682,144	1,802,511
Field Operations and LAE (Fed Share)	4,653,856	5,121,166	5,498,491
Carry Forward for Federal Fiscal Year	4,073,334	500,000	500,000
Total Expenditures	\$ 129,228,821	\$ 133,694,856	\$ 141,909,277
Surplus / (Need)		\$ 963,375	\$ -13,572,461

Fiscal Year 2017. The estimated net FY 2017 General Fund appropriation is a decrease of \$9.7 million compared to the FY 2016 appropriation. This was due to a number of factors, including the surplus and associated adjustments that were utilized for Medicaid in FY 2016, an increase of \$14.8 million in federal Temporary Assistance for Needy Families (TANF) funding, and reductions implemented as part of [SF 130](#).

The consensus agreement for FY 2017 is an estimated surplus of \$963,375. Numbers of regular child care subsidy children and children eligible through the Protective Services component are increasing as the full 12-month eligibility segment is phasing in. The new CCA Plus component, an exit eligibility segment for families previously enrolled in the Program that are now above the current eligibility threshold but below 85.0% of the State median income, is increasing at an average of 95 children per month but has leveled off slightly over the past three months. In February, the most recent month with complete data available, there were 760 children actively participating in the CCA Plus component who would have lost eligibility without this component. The following chart presents the percentage of children eligible for the Program due to their parents being employed.



Fiscal Year 2018. To varying degrees, forecasts are projecting increases in enrollment and average costs per child, as recent Program eligibility changes are annualized. The consensus estimated need for FY 2018 is \$13.6 million. This amount is based on the current status quo General Fund appropriation and the original FY 2017 TANF appropriation. The total amount of funding from the Child Care Development Fund for FY 2018 has not been finalized yet. The funding is tied to the current Continuing Resolution that the federal government is operating on that expires April 28, 2017. This Program is also subject to the federal “sequester” if that budget mechanism is triggered.

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